

Brazil's swing to the right boosts EM prospects

By Gustavo Medeiros and Ben Underhill

- Flavio Bolsonaro's first round surprising victory makes a political transition in Brazil highly likely
- French 10-year government bond yields rise to highest levels since 2009.
- The move wider in global bond yields is not fiscally related, in our view.
- European G7 members will release up to 50m barrels each of diesel and crude oil
- Indonesia's manufacturing PMI climbed to a seven-month high.
- Chile's President Kast announced a USD 1.3bn employment package.
- Mexico optimistic about a deal with the US to cut tariffs on steel, aluminium and cars.
- S&P raised the outlook on Czechia's 'AA-' rating to positive.
- Moody's revised the outlook on Angola's 'B3' rating to positive.
- Russia stepped up strikes on data centres and telecoms infrastructure around Kyiv.

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Last Week Performance and Comments

EM Debt	Yield	Change (bp)	Spread	5 day Change	EM Equity*	PE 1yr BF	5 day Change	Comments
GBI-EM GD	6.54%	6	–	-0.8%	MSCI EM	9.6	-1.2%	• EM local currency bonds fell 0.8%, driven by wider rates and weaker FX. • EM USD sovereign bonds fell 1.5% as spreads widened. • EM equities fell 1.2%, with EMEA underperforming.
GBI-EM FX Spot	–	–	–	-0.8%	MSCI EM ex-China	9.6	-1.1%	
ELMI+	6.08%	15	–	-0.4%	MSCI EMEA	9.9	-3.4%	
EMBI GD	7.31%	13	242 bps	-1.5%	MSCI Latam	9.6	1.0%	
EMBI GD IG	6.46%	7	156 bps	-1.2%	MSCI EM Asia	9.8	-1.2%	
EMBI GD HY	8.30%	20	343 bps	-1.8%	MSCI China	9.8	-2.0%	
CEMBI BD	6.98%	9	216 bps	-0.8%	MSCI India	18.3	-3.3%	
CEMBI BD IG	6.32%	4	147 bps	-0.6%	MSCI EM Small Cap	13.4	0.1%	
CEMBI BD HY	8.27%	18	349 bps	-1.2%	MSCI Frontier	10.2	-2.1%	

Global Debt	Yield	Change (bp)	Spread	5 day Change	Global Backdrop*	PE 1yr BF	5 day Change	Comments
2yr UST	4.79%	-14	–	0.1%	MSCI ACWI	16.3	-0.7%	• UST curve steepened, as 2-yr rates tightened after dovish inflation and jobs data. • Core bonds tightened while France widened. • Brent prices fell 3.7% to USD 101.4 per barrel, trading under USD 100 during the week.
5yr UST	5.03%	-4	–	-0.2%	MSCI World (DM)	17.9	-0.6%	
10yr UST	5.26%	2	–	-0.7%	S&P 500	19.0	-0.2%	
30yr UST	5.62%	7	–	-1.7%	VIX Fut.**	17.8	0.0%	
10yr Germany	3.43%	-21	–	1.7%	DXI Index**	102.2	1.0%	
10yr Japan	3.09%	0	–	-0.4%	EUR*	1.120	-1.5%	
Global Agg.***	4.43%	3	35 bps	-0.5%	JPY*	157.7	-0.2%	
US Agg. IG***	6.05%	12	77 bps	-0.6%	CRY Index**	410.1	-2.0%	
EU Agg. IG***	4.27%	-6	74 bps	0.2%	Brent**	101.4	-3.7%	
US Corp HY***	8.29%	19	306 bps	-0.6%	Gold**	4,162	1.1%	
EU Corp HY***	7.30%	32	348 bps	-0.7%	Bitcoin**	86,176	3.1%	

Global Macro

Brazil's presidential election first round was the third referendum on President Lula da Silva (Lula)'s legacy, and the first time since 1998 that he has trailed in a first round. Flávio Bolsonaro took 47.0% of valid votes against Lula's 45.2%, improving on his father's 2022 result by 3.8pts while Lula's vote share fell 3.2pts. Abstention, at 21%, was only c.2pts above its historical average, so turnout does not explain the result. In fact, the abstention was higher on the southern states that voted heavily to Bolsonaro and was lower in Lula's stronghold in the Northeast. Voters who backed other candidates lean towards Flávio Bolsonaro, according to a recent Quaest poll, which would add roughly another point to his lead in the 25 October runoff. Since direct presidential runoffs began in 1989, no candidate who led the first round has gone on to lose the second.

The shift goes well beyond the presidency. On our count, the right will hold c.50 of the 81 Senate seats and is on course to govern as many as two-thirds of the 27 states. The new Congress will shape the agenda. Likely flashpoints are an amnesty for Jair Bolsonaro and pressure on Supreme Court justices named in the Banco Master affair, who deny wrongdoing. Removing a justice requires 54 Senate votes, so the right will need centrist votes to pass the motion. A Flávio Bolsonaro presidency would also inherit a divided country, led by one of the youngest presidents in history, who is untested in executive office.

However, Flávio Bolsonaro's economic team has the right diagnosis, in our view: A smaller state and a bigger role for the private sector. Anchoring fiscal policy on debt, with spending frozen while gross debt exceeds 65% of GDP (c.82% today), and an adjustment of c.1.5% of GDP within 18 months, would mark a credible break with the past. If delivered, it would open a path back to investment grade within four to six years, in our view. The London-listed Brazilian ETF signalled a 12% rise in stocks in USD terms, implying perhaps an 8% rise in local stocks and a c.4% gain in the BRL. Local rates gapped lower by over 100 basis points (bps) lower and could move another 150-250bps if the fiscal measures become embedded in expectations.

The implications extend across emerging markets (EM). Brazil is EM's third-largest economy, behind only China and India. It accounts for 8.0% of local-currency government bonds, 4.2% of the MSCI EM equity index, 4.9% of USD corporate debt and 3.2% of USD sovereign debt. A credible fiscal turn would not only be a clear positive for EM portfolios, but it would also reinforce both the outperformance of EM assets in recent years and Latin America's swing towards more market-friendly governments. It also underlines that, since the pandemic, most EM and frontier market (FM) countries have been forced to adjust their fiscal accounts earlier and further than those in developed markets (DM).

The contrast with France could hardly be starker. Last week, 10-year OAT yields rose to c.4.9%, the highest since the 2008 Global Financial Crisis (GFC), while the spread over Bunds widened to c.141bps, the widest since 2012 and now above Italy, Spain, and Greece. The trigger was the 2027 budget. The fragile minority government presented c. EUR 43bn of new measures (c. 1.5% of GDP), part of a total effort of c. EUR 54bn mixing tax increases and spending cuts. Yet the underlying deficit is drifting up to c. 6.5% of GDP without measures, with debt service and defence alone adding c. 0.6% of GDP. As a result, the deficit falls by only c. 0.4% of GDP, from 5.4% to 5.0%, while debt keeps rising above 120% of GDP. As grim as the fiscal picture is, France has significant assets: Europe's largest nuclear power generator, a large net exporter of electricity, and a deep bench of global champions in energy, infrastructure, aerospace and luxury.

On the politics, the July appeal ruling cleared Marine Le Pen to stand in the April 2027 presidential elections, although under electronic tagging, and she is weighing whether to run or back Jordan Bardella, the president of her Rassemblement National (RN) party. She has moved to the centre and pledges to cut the deficit to 3% of GDP. An RN win would mean France's first far-right government in the post-war era. Perhaps, as in Italy and potentially soon in Brazil, fiscal consolidation will come only after a dramatic transfer of power. Either way, the lesson for investors is clear: most EM have already made the adjustment that DM is only now beginning to confront.

Fiscal stress is being priced country by country, as France shows, but the broader global sell-off in rates is being driven by other factors, in our view, primarily monetary policy expectations and supply. The US 2s10s curve has steepened to c.45bps from c.20bps in two weeks, coming off its flattest level since February 2025 after the rate hike announced by the US Federal Open Market Committee (FOMC). The steepening of the curve has been driven both by a concurrent fall in two-year yields and a rise in the 10-year. Term premia have risen only mildly: the Kim-Wright measure is up from 0.93% when the move began on 22 September to 1.02% today. Break-even on inflation linked bonds have barely moved. Markets are pricing stronger growth and a higher US Federal Reserve (Fed) path due to higher energy prices, not fiscal dominance, which would show up in a much steeper curve and higher break-even rates.

Global Macro (continued)

More fundamentally, markets are leaving behind the post-GFC regime of low growth, low inflation and near-zero rates, and pricing a world of higher nominal growth. In that sense, higher yields have been largely a normalisation rather than a warning sign. Still, the speed and global reach of the move, with no clear catalyst after the FOMC, look more like a Value-at-Risk (VaR) shock amplified by heavy hyperscaler issuance at the long end. It is too early to treat it as a considered repricing of long-term inflation or growth.

Last week's data helped stabilise yields, with the 10-year settling in a 5.2–5.3% range. Core Personal Consumption Expenditures (PCE) fell to 3.0% yoy from 3.3%, partly because the US Bureau of Economic Analysis (BEA) reclassified software, investment management fees and legal services, backdated to 2021. That took c.0.2pp off core, mostly from software. The more important signal is that monthly core inflation ran at an annualised c.2.0% over the summer. Payrolls were also soft: 29k jobs in September, with 60k of downward revisions to the prior two months, and unemployment up to 4.2%. Manufacturing added jobs while financial activities shed them, consistent with AI starting to weigh on desk-based hiring. The data again questions the need for a full hiking cycle. Markets now price c.20% odds of an October hike and below 80% for a hike by year-end.

Oil and Iran

The G7 group of countries has agreed to release up to 100 million barrels over four months, with diesel front-loaded in the first 20 days. If it follows France's proposed 50/50 split, that is c.50 million barrels of diesel, or 0.42 million barrels per day (mbpd), against the US ask of 0.66mbpd. That covers only about a quarter of the 1.6mbpd shortfall in internationally traded diesel. With regional refinery outages still at 2mbpd, the release buys time through the winter, but will not close the gap.

Iran, meanwhile, has stepped up its attacks on tankers, hitting five in four days to 2 October, the fastest pace since the war began. The attacks look like an attempt to regain leverage in negotiations, as Tehran is currently being squeezed into a weaker position, both externally and domestically. The blockade has effectively stopped its exports through the Strait since mid-July, and its stock of oil at sea beyond the blockade – its last source of revenue – is falling by 28 million barrels a month, and is likely to be largely exhausted within weeks. At the same time, crude oil exports from the Gulf have risen back to close to pre-war levels, with flows through the Strait of Hormuz continuing to run at the highest levels since the war began.

EM Asia

Economic data

Indonesian manufacturing exports improving.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
India	Industrial Production (YoY)	Aug	8.0%	7.0%	7.4%	
Indonesia	Trade Balance (USD)	Aug	3,552m	735m	122m	Manufacturing exports up 12.5%, nickel products 50%, extending July's return to surplus.
	Exports (YoY)	Aug	6.7%	4.2%	6.1%	
	CPI (YoY)	Sep	3.3%	3.3%	3.2%	
South Korea	Industrial Production (YoY)	Aug	-2.2%	4.3%	4.0%	Auto output down 24.8% on summer shutdowns, strikes.
	Exports (YoY)	Sep	83.5%	62.5%	68.7%	
	Trade Balance (USD)	Sep	49,852m	38,900m	34,785m	
	Imports (YoY)	Sep	26.0%	21.0%	22.4%	
	CPI (MoM)	Sep	0.3%	0.4%	0.2%	
	CPI (YoY)	Sep	2.9%	2.9%	3.1%	
Thailand	BoP Current Account Balance (USD)	Aug	2,352m	-150m	698m	
	Exports (YoY)	Aug	25.3%	-	22.0%	
	Trade Balance (USD)	Aug	1,825m	-	1,812m	
	Gross International Reserves (USD)	25-Sep	278.4bn	-	280.1bn	

Source information is at the end of the document.

Commentary

Indonesia: The S&P Global manufacturing purchasing managers' index (PMI) rose to a seven-month high of 52.4 in September from 49.8 in August, breaking a pattern since March in which the sector alternated between growth and contraction. Output and new orders both grew at their fastest pace since February, supported by domestic demand and by export orders, which rose for a second consecutive month at the strongest rate since May 2022 after weighing on growth for much of the past two years. Firms responded by hiring at the quickest pace since February, while backlogs of work rose at the fastest rate in five years. On prices, input-cost inflation eased to a six-month low, although it remains above its long-run average, and factory-gate price increases also slowed, suggesting margins have held up. Business confidence for the year ahead softened slightly but remains positive.

Malaysia: S&P affirmed the sovereign rating at 'A-' with a stable outlook, pointing to strong growth driven by the AI-related investment cycle and high energy prices, a high degree of monetary policy flexibility and the political stability achieved since the 2022 election, in contrast with frequent changes of government between 2018 and 2022. The agency expects growth to continue to outpace peers, at 5.5% in 2026, 5.1% in 2027, and 4.7% in 2028. It noted that external financing needs have been elevated since 2023 because of heavy investment in data centres and digital infrastructure, but expects this to ease as projects are completed. Separately, the government aims to roughly triple port capacity to 100 million TEU¹ by 2035 from 30 million in 2025, as disruption in the Strait of Hormuz and the Bab el-Mandeb diverts more cargo through the region and supply chains continue to diversify away from China.

South Korea: SK Hynix is weighing whether to move part of its memory-chip wafer production to the US, as customers and governments push for more secure AI semiconductor supply chains. Options reportedly include leasing part of Intel's delayed Ohio complex or forming a venture with Intel and major cloud companies, while its US NAND² subsidiary, Solidigm, is considering a separate US plant. The company already has a plant of more than USD 4bn under way in

¹ Twenty-foot Equivalent Unit.

² NAND = 'NOT AND'.

EM Asia (continued)

Indiana, supported by up to USD 458m in CHIPS Act funding, but from 2029 it will only package Korean-made wafers into high-bandwidth memory. No decision has been taken, and Korea remains the core production base after the company approved KRW 54.3trn for new DRAM³ and NAND fabs at Yongin and Cheongju. A US fab would serve mainly as a hedge against supply chain, tariff and customer security risks.

Vietnam: Samsung Electro-Mechanics will invest about USD 1.8bn to expand semiconductor packaging substrate capacity at its complex in the Thai Nguyen province, as part of a wider USD 4.9bn expansion across Korea and Vietnam. The project, due for completion by April 2028, is equivalent to roughly the full value of the Vietnamese subsidiary's assets and reinforces the country's growing role in Samsung's global chip supply chain. Separately, the State Bank of Vietnam injected a net VND 34.3trn (USD 1.3bn) through open market operations as liquidity pressures resurfaced, pushing the overnight interbank rate down from 6.84% to 1.1%, its lowest since July. Longer-dated rates remained elevated, with the three-month rate edging up to 7.2%, and the central bank also offered up to USD 2bn in short-term USD/VND swaps to support liquidity amid continued pressure on the currency.

3 Dynamic Random Access Memory.

Latin America

Economic data

Chile copper output remains constrained.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Argentina	Current Account Balance (USD)	2Q	2,214m	2,400m	-2,411m	
	Government Tax Revenue (ARS)	Sep	21,358.9bn	–	20,508.5bn	
Brazil	Current Account Balance (USD)	Aug	-5,055m	-4,850m	-9,374m	
	FGV Inflation IGPM (MoM)	Sep	1.6%	1.6%	-0.2%	
	FGV Inflation IGPM (YoY)	Sep	3.3%	3.3%	2.2%	
	Total Outstanding Loans (BRL)	Aug	7,398bn	–	7,362bn	
	National Unemployment Rate	Aug	5.3%	5.3%	5.3%	
	Central Govt Budget Balance (BRL)	Aug	-13.6bn	-14.4bn	10.8bn	
	Net Debt % GDP	Aug	69.3%	69.5%	69.1%	
	FGV CPI IPC-S	30-Sep	0.7%	–	0.5%	
	Industrial Production (MoM)	Aug	-0.6%	0.1%	0.1%	
	Industrial Production (YoY)	Aug	-1.2%	-0.2%	-0.5%	
Chile	Retail Sales (YoY)	Aug	3.4%	4.1%	2.5%	
	Unemployment Rate	Aug	9.6%	9.5%	9.5%	
	Copper Production Total	Aug	369,500	–	403,424	Lower ore grades, maintenance and storms hit output.
	Economic Activity (MoM)	Aug	-0.7%	0.5%	-1.8%	Mining output at its lowest since 1996, while non-mining activity still grew 1.4%.
	Economic Activity (YoY)	Aug	-1.0%	0.3%	-1.5%	
Colombia	National Unemployment Rate	Aug	9.4%	–	8.1%	
	Urban Unemployment Rate	Aug	9.1%	8.1%	8.5%	
	Overnight Lending Rate	30-Sep	12.25%	12.00%	12.00%	Surprise hike as services inflation reached 7.2%.
Mexico	Trade Balance	Aug	605.4m	1,520.7m	-847.5m	
	International Reserves Weekly (USD)	25-Sep	256,543m	–	257,238m	
	Remittances Total (USD)	Aug	5,452.3m	5,700.0m	5,570.6m	

Source information is at the end of the document.

Commentary

Argentina: President Javier Milei asked business leaders for patience, arguing that a result in 2027 similar to the 2025 midterms could give his party a majority in the Lower House and leave it close to a Senate majority, allowing a sharp acceleration of reforms from December 2027. Milei reiterated plans to cut export taxes and tax bank transactions once public finances allow, said pension reform would require greater labour formalisation, stronger growth and lower interest rates, and gave no timetable for lifting the remaining capital controls. Speaking to investors in Paris, he also promoted Argentina as a reliable supplier of energy, food and minerals to Europe. Separately, Maximo Kirchner said his mother, former President Cristina Fernández de Kirchner, wants to run in 2027 despite her lifetime ban from public office, which has been upheld by the Supreme Court, complicating Governor of Buenos Aires Axel Kicillof's efforts to lead a divided Peronist movement.

Brazil: Central bank (BCB) directors struck a cautious tone after IPCA-15 inflation rose to 4.47% yoy in mid-September, just below the 4.50% ceiling of the target band, following two months of deceleration. Monetary Policy Director Nilton David described the current cycle as one of calibration rather than easing, while another director said the Selic will stay at

Latin America (continued)

a restrictive level until inflation converges to the 3% target. Even so, slowing activity, a cooling credit market and signs of softer hiring point to another 25bps cut to 13.50%, at the 3-4 November meeting. Days before the 4 October presidential election first round, the government banned online betting from 6 October and launched a debt relief programme, Desenrola 3.0, costing up to BRL 15bn. Together with a planned increase in Bolsa Familia payments, the measures will require adjustments of BRL 30-40bn to the 2027 budget and could limit the scope for further rate cuts.

Chile: President José Kast announced an employment package worth about USD 1.3bn, which the government expects to create more than 100,000 jobs in 2026-27. The plan follows a fiscal adjustment in which public investment has borne much of the burden, with capital spending down 14.2% yoy in January-July. Its core is faster execution of public investment, with ministries instructed to spend their full public works and housing budgets by year-end and USD 823m allocated to new projects that can start quickly, prioritised by local unemployment and readiness. The package also expands a hiring subsidy that covers half of new workers' wages for their first four months, accelerates USD 133m of payments owed to healthcare suppliers and adds USD 308m of capital to a state guarantee fund for small business lending. The government expects effects to begin in Q4 and strengthen in early 2027.

Mexico: The government is reportedly optimistic about reaching a deal with the US to cut tariffs on Mexican steel, aluminium and car exports, according to sources cited by *El Financiero*. On cars, officials are targeting an effective tariff of 10-12%, down from 15% currently, while still pushing for 7% in order to secure better terms than those offered to Canada. There is no clarity yet on how far tariffs on steel and aluminium might fall. Even a partial reduction would improve the competitiveness of Mexican exports against those of other countries, although previous rounds of optimism have not produced an agreement.

Central and Eastern Europe

Economic data

Energy prices driving PPI higher across Eastern Europe.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Czechia	GDP (QoQ)	2Q F	0.3%	0.4%	0.4%	
	GDP (YoY)	2Q F	1.8%	1.9%	1.9%	
Hungary	PPI (YoY)	Aug	4.8%	–	1.0%	Export energy prices up 48.7% y/y, driving the jump.
	Trade Balance (EUR)	Aug	-481m	250m	449m	
Poland	CPI (MoM)	Sep P	0.7%	0.8%	0.3%	Fuel up 36% y/y after subsidies ended, breaching the 3.5% ceiling, a hike eyed for early 2027.
	CPI (YoY)	Sep P	4.0%	4.0%	3.4%	
Romania	PPI (YoY)	Aug	11.8%	–	8.8%	
Russia	Current Account Balance (USD)	2Q F	16,949m	–	21,400m	
	Retail Sales Real (YoY)	Aug	3.3%	5.1%	5.3%	
	Unemployment Rate	Aug	2.2%	–	2.3%	
	CPI (WoW)	28-Sep	0.12%	–	0.06%	
	CPI Weekly YTD	28-Sep	4.93%	–	4.81%	
	Gold and Forex Reserve (USD)	25-Sep	742.7bn	–	748.2bn	
	GDP (YoY)	2Q F	–	–	1.3%	

Source information is at the end of the document.

Commentary

Czech Republic: S&P raised the outlook on the 'AA-' rating from stable to positive, citing a strong net external position, effective monetary policy and a sound banking system, despite the fiscal loosening seen this year and the spending increase planned for 2027. The ratings agency expects growth to stay above 2% through 2029, general government deficits to remain close to the EU's 3% of GDP limit and net debt below 40% of GDP, and said an upgrade could follow within two years if growth proves resilient and convergence with euro area living standards continues. Moody's and Fitch both rate the country 'AA-' with stable outlooks. Separately, the government chief of staff proposed a blanket 10% cut in the number of civil servants from the start of 2027, reportedly backed by Prime Minister Andrej Babiš. The plan took ministers by surprise, including Finance Minister Alena Schillerová, and several have objected, arguing for impact studies before any cuts.

Kazakhstan: Moody's affirmed the sovereign rating at 'Baa1' with a stable outlook, citing a strong fiscal position, a low government debt burden and high debt affordability, as well as consistent growth despite lower oil production and continued investment in strategic sectors. The ratings agency expects non-oil sectors to drive growth in the near and medium term and believes recent tax reforms will help keep budget deficits modest. It highlighted weak institutions, concentrated executive authority, limited political competition and long-term carbon-transition risks as constraints, and named disruption to the CPC pipeline, which carries most of the country's oil exports, as the main geopolitical risk. An upgrade would require substantial improvements in policy effectiveness and predictability, while the country's fiscal and external buffers are seen as mitigating baseline risks.

Ukraine: Russia intensified strikes on data centres and telecoms infrastructure in and around Kyiv, part of a campaign President Volodymyr Zelenskyy said was aimed at cutting the country's internet access and communications. Facilities belonging to several internet providers were damaged, Kyivstar, the largest mobile operator, said its headquarters was hit, and Russia claimed strikes on sites operated by Vodafone, Ukrtelecom and others, forcing several state TV channels off air. Prime Minister Serhiy Koryukha said the government is working on the assumption that digital infrastructure will remain

Central and Eastern Europe (continued)

under threat and will disperse critical systems across cloud, underground and overseas facilities. The attacks highlight the country's vulnerability to ballistic missiles and new jet-powered drones: Zelenskyy said air defences are shooting down only 55% of jet-powered drones, against around 90% for slower conventional ones.

Central Asia, Middle East & Africa

Economic data

Record harvest in South Africa improving inflation dynamics.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Qatar	CPI (YoY)	Jul	4.0%	–	2.2%	Recreation prices up 9% m/m, index now on a 2024 base.
Saudi Arabia	Unemployment Rate (Saudis)	2Q	6.5%	–	6.4%	
	M3 Money Supply (YoY)	Aug	5.6%	–	8.2%	
	SAMA Net Foreign Assets (SAR)	Aug	1,740.5bn	–	1,746.0bn	
South Africa	Money Supply M3 (YoY)	Aug	8.9%	–	8.6%	
	PPI (YoY)	Aug	5.0%	5.5%	5.7%	Record harvest pushed food producer prices negative, while fuel-linked inputs still run at 13.6%.
	Trade Balance (ZAR)	Aug	20.5bn	17.0bn	18.0bn	
Türkiye	Trade Balance (USD)	Aug	-5.24bn	-5.20bn	-7.35bn	

Source information is at the end of the document.

Commentary

Angola: Moody's revised the outlook on its 'B3' rating from stable to positive, citing an emerging track record of macroeconomic stability through periods of both high and lower oil prices. FX conditions have been orderly since late 2024, with the Kwanza around AOA 912/USD and reserves broadly stable near USD 13bn, while inflation fell to 8.8% in August from 19% a year earlier and strong non-oil activity lifted GDP growth to 8.7% yoy in Q2. Government debt fell to 46.9% of GDP in 2025 from 53% in 2024, and is projected at about 45.6% by 2027. However, interest costs still absorb 22–23% of government revenue, and hydrocarbons account for around 60% of revenue and 80% of FX inflows, leaving the rating exposed to oil-price and exchange-rate shocks. Further upgrades would depend on sustaining stability through a period of lower oil prices while strengthening non-oil revenue.

Egypt: The central banks of Egypt and the UAE renewed their AED 5bn (USD 1.36bn) currency swap agreement for a further five years, with the aim of supporting bilateral trade, financial cooperation and economic development. While the facility is modest relative to Egypt's external financing needs, the renewal underlines the depth of political and financial ties between the two countries, with the UAE now among Egypt's largest foreign investors.

Ivory Coast: Canada's Montage Gold poured first gold at its Kone mine on 26 September, producing around 1,140 ounces, well ahead of the original Q2 2027 target, which had already been brought forward to late 2026. Commercial production from the oxide circuit is expected by year-end, and mining at the higher-grade Gbongogo Main satellite deposit is due to start in late Q4. Kone is expected to produce more than 300,000 ounces a year over the first eight years of its 16-year life, and around USD 714m, roughly 81% of upfront capital spending, has been invested to date. National gold output is forecast to rise to 62 tonnes in 2026 from 59.3 tonnes in 2025, and to 69 tonnes by 2028 as mines expand, although Q1 output fell 8.4% yoy, partly because of heavy rains.

Qatar: State-owned QatarEnergy extended force majeure on liquified natural gas (LNG) deliveries to several Asian buyers, including in Bangladesh, Pakistan and India, through November, and to Italy's Edison until early December, as disruption to shipping through the Strait of Hormuz persists. Edison said another six cargoes would be cancelled, bringing the total since April to 35, or about 4.6 billion cubic metres of gas. The country has no alternative export route for LNG, and exports have collapsed to just 18 cargoes through August against 509 a year earlier, a drop of about 96%. Capacity at the Ras Laffan complex was also reduced by attacks in March, and while undamaged facilities could raise output quickly once shipping is secure, repairs to damaged units will take longer. The extension comes as European and Asian buyers begin competing for spot cargoes ahead of the northern-hemisphere winter.

Central Asia, Middle East & Africa (continued)

Türkiye: The government ended the sliding-scale mechanism for petrol taxation but opted for a three-month transition to the full special consumption tax, avoiding the much larger one-off price increase that would otherwise have taken effect in October. Under a presidential decree, the tax on 95-octane unleaded petrol rises to TRY 7.90/litre in October from about TRY 4.37, then to TRY 11.36 in November and TRY 14.83 from 1 December, mirroring the phased approach already adopted for diesel. The October step implies a pump-price increase of around TRY 4.2/litre once VAT is included. Spreading the adjustment over three months roughly halves the direct impact of fuel tax increases on October inflation, to about 0.13pp, easing the near-term pressure on the disinflation path.

Saudi Arabia: Saudi Arabian exports have shifted back towards the Gulf, supported by more traffic through the Strait of Hormuz and ship-to-ship transfers off Oman: shipments from Ras Tanura are estimated at about 3.6mbpd in September, up from 0.9mbpd in August, with total crude exports near 5.4mbpd in September, despite disruption to the East-West pipeline.

Developed Markets

Economic data

US data comes in dovish.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Eurozone	Consumer Confidence	Sep F	-16.5	-16.5	-16.5	Energy up 18.8%, lifting headline to a 3-year high, with a 91% chance of an ECB hike priced for October.
	Unemployment Rate	Aug	6.4%	6.4%	6.4%	
	CPI Estimate (YoY)	Sep P	3.8%	3.7%	3.2%	
	CPI (YoY)	Sep P	3.8%	3.7%	3.2%	
	CPI (MoM)	Sep P	0.6%	0.5%	0.4%	
	CPI Core (YoY)	Sep P	2.5%	2.5%	2.4%	
Japan	Retail Sales (YoY)	Aug	2.7%	3.2%	3.7%	Highest since 2018 on AI and chip demand, while services fell for the first time in 5 quarters.
	Industrial Production (MoM)	Aug P	-1.7%	1.3%	-0.2%	
	Tankan Large Mfg Index	3Q	24.0	25.0	22.0	
	Tankan Large Mfg Outlook	3Q	21.0	22.0	17.0	
	Tankan Large Non-Mfg Index	3Q	35.0	36.0	37.0	
	Tankan Large Non-Mfg Outlook	3Q	30.0	30.0	28.0	
	Tankan Large All Ind Capex Est FY	3Q	11.3%	12.2%	11.5%	
	Tokyo CPI (YoY)	Sep	2.7%	2.5%	1.9%	
	Tokyo CPI Ex-Fresh Food (YoY)	Sep	2.7%	2.3%	1.8%	
	Job-To-Applicant Ratio	Aug	1.2	1.2	1.2	
	Monetary Base (YoY)	Sep	-15.2%	-	-15.7%	
UK	Mortgage Approvals	Aug	54.9k	56.1k	56.1k	
	GDP (QoQ)	2Q F	0.5%	0.4%	0.4%	
	GDP (YoY)	2Q F	1.4%	1.2%	1.2%	
	Nationwide House PX (MoM)	Sep	-0.2%	0.0%	0.2%	
	Nationwide House Px NSA (YoY)	Sep	0.8%	1.3%	1.6%	
United States	Dallas Fed Manf. Activity	Sep	9.8	7.8	11.6	Lowest since 2014 as fuel and price worries climb.
	FHFA House Price Index (MoM)	Jul	0.3%	0.1%	0.0%	
	Conf. Board Consumer Confidence	Sep	81.9	89.0	88.6	
	JOLTS Job Openings	Aug	7,079k	7,228k	7,335k	
	MBA Mortgage Applications	25-Sep	-6.0%	-	-1.5%	
	ADP Employment Change	Sep	90k	75k	36k	
	Personal Income	Aug	0.2%	0.5%	0.3%	
	Personal Spending	Aug	0.9%	0.9%	0.1%	
	PCE Price Index (YoY)	Aug	3.4%	3.7%	3.4%	
	Core PCE Price Index (MoM)	Aug	0.2%	0.3%	0.1%	
	Core PCE Price Index (YoY)	Aug	3.0%	3.3%	3.0%	
	GDP Annualised (QoQ)	2Q T	2.2%	1.5%	1.5%	
	Personal Consumption	2Q T	3.8%	3.4%	3.4%	
	GDP Price Index	2Q T	6.1%	6.4%	6.4%	

Source information is at the end of the document.

Developed Markets (continued)

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
United States	Core PCE Price Index (QoQ)	2Q T	3.3%	3.6%	3.6%	
	Wholesale Inventories (MoM)	Aug P	0.7%	0.5%	1.3%	
	Continuing Claims	19-Sep	1,701k	1,725k	1,712k	
	ISM Manufacturing	Sep	54.5	55.0	54.6	
	ISM Prices Paid	Sep	77.9	73.0	71.1	Brent at USD 108-113 feeding resins, chemicals, freight.
	Construction Spending (MoM)	Aug	0.9%	0.0%	-0.1%	
	Change in Nonfarm Payrolls	Sep	29k	90k	133k	Prior two months revised down 60k, cutting October Fed hike odds to about 25% from 70%.
	Change in Manufact. Payrolls	Sep	9k	10k	15k	
	Unemployment Rate	Sep	4.2%	4.1%	4.1%	
	Durables Ex Transportation	Aug F	0.2%	0.3%	0.3%	

Source information is at the end of the document.

Benchmark Performance

Emerging Markets	Month to date	Quarter to date	Year to date	1 year	3 years	5 years
MSCI EM	0.2%	0.2%	23.7%	27.5%	24.2%	9.1%
MSCI EM ex-China	0.7%	0.7%	38.0%	49.5%	29.6%	13.7%
MSCI EMEA	-1.7%	-1.7%	3.6%	7.5%	16.4%	1.8%
MSCI Latam	1.2%	1.2%	16.2%	28.4%	16.6%	12.9%
MSCI Asia	0.2%	0.2%	26.0%	28.8%	25.6%	9.6%
MSCI China	-1.8%	-1.8%	-13.4%	-21.0%	9.1%	-2.4%
MSCI India	-1.4%	-1.4%	-16.1%	-12.9%	2.3%	1.3%
MSCI EM Growth	0.4%	0.4%	20.6%	22.2%	24.4%	7.2%
MSCI EM Value	0.1%	0.1%	26.9%	33.5%	24.0%	11.1%
MSCI EM Small Cap	0.4%	0.4%	13.6%	14.5%	15.5%	7.9%
MSCI Frontier	-1.0%	-1.0%	8.8%	16.6%	22.1%	7.7%
GBI-EM-GD	-0.5%	-0.5%	0.1%	3.5%	8.4%	2.4%
GBI-EM China	0.0%	0.0%	7.1%	9.4%	7.0%	3.1%
EM FX spot	-0.5%	-0.5%	-2.1%	-0.6%	0.8%	-1.5%
ELMI+ (1-3m NDF)	-0.3%	-0.3%	2.9%	4.7%	6.8%	2.8%
EMBI GD	-0.5%	-0.5%	-1.2%	1.7%	9.8%	1.8%
EMBI GD IG	-0.2%	-0.2%	-3.6%	-2.7%	5.2%	-1.5%
EMBI GD HY	-0.9%	-0.9%	1.1%	6.1%	14.5%	5.2%
CEMBI BD	-0.1%	-0.1%	0.2%	1.4%	7.4%	2.2%
CEMBI BD IG	-0.1%	-0.1%	-1.4%	-0.5%	5.9%	0.7%
CEMBI BD HY	-0.3%	-0.3%	2.6%	4.2%	9.7%	4.4%

Global Backdrop	Month to date	Quarter to date	Year to date	1 year	3 years	5 years
MSCI ACWI	0.5%	0.5%	13.6%	16.6%	22.1%	11.6%
MSCI World (DM)	0.5%	0.5%	12.3%	15.2%	21.8%	11.9%
S&P 500	0.9%	0.9%	13.8%	16.4%	23.2%	13.7%
DXY Index**	0.7%	0.7%	3.9%	4.6%	-1.3%	1.7%
EUR*	-1.1%	-1.1%	-5.7%	-5.9%	0.3%	-2.4%
JPY*	-0.2%	-0.2%	-2.8%	-7.5%	-6.1%	-10.2%
CRY Index**	0.0%	0.0%	37.3%	37.0%	14.3%	11.7%
Brent**	-2.1%	-2.1%	66.6%	57.1%	6.4%	4.2%
Gold**	0.1%	0.1%	-3.7%	5.1%	31.7%	18.8%
Bitcoin**	3.1%	3.1%	-1.7%	-30%	46.4%	10.9%
1-3yr UST	0.1%	0.1%	0.6%	1.6%	4.1%	1.9%
3-5yr UST	0.1%	0.1%	-2.0%	-1.1%	3.8%	0.3%
7-10yr UST	0.0%	0.0%	-4.7%	-4.0%	3.3%	-2.0%
10yr+ UST	-0.1%	-0.1%	-7.7%	-8.3%	1.4%	-7.4%
10yr+ Germany	1.6%	1.6%	-3.5%	-5.6%	-0.4%	-8.8%
10yr+ Japan	-0.6%	-0.6%	-10.9%	-14.8%	-9.7%	-8.6%
Global Agg.***	-0.1%	-0.1%	-2.8%	-2.6%	4.0%	-1.9%
US Agg. IG***	0.1%	0.1%	-2.9%	-2.2%	4.3%	-0.7%
EU Agg. IG***	0.3%	0.3%	-2.3%	-2.1%	2.8%	-2.2%
US Corp HY***	0.0%	0.0%	0.1%	1.3%	8.2%	3.6%
EU Corp HY***	-0.4%	-0.4%	-0.1%	0.4%	6.5%	2.8%

Source and notations for all tables in this document: Source: Bloomberg, JP Morgan, Barclays, Merrill Lynch, Chicago Board Options Exchange, Thomson Reuters, MSCI. As at latest data available on publication date. *EMBI GD and EMBI GD HY Yield/Spread ex-default yields and spreads calculated by Ashmore. Defaulted EMBI securities includes: Ethiopia, Ghana, Lebanon, Sri Lanka, and Venezuela. **Price only. Does not include carry. ***Global Indices from Bloomberg. Price to Earnings: 12 months blended-forward. **Index Definitions:** VIX Index: Chicago Board Options Exchange SPX Volatility Index. DXY Index: The Dollar Index. CRY Index: Thomson Reuters/CoreCommodity CRM Commodity Index. Figures for more than one year are annualised other than in the case of currencies, commodities and the VIX, DXY and CRY which are shown as percentage change.

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4 September 2026

By Gustavo Medeiros, Ben Underhill and Simon Cooke



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